

REDUCING STATE GOVERNMENT

Building on the Governor's actions to reduce the cost of operating the Executive Branch by limiting cell phones, travel and state vehicles, the Administration is proposing to reduce state operations by eliminations, consolidations, reductions, and efficiencies. In some cases, entities have outlived their usefulness. In others, the function and mission remains important, but there is a better, less costly way to achieve the same goal. This Chapter outlines these specific proposals.

The following also provides preliminary estimates of the savings to be achieved in 2011-12, based on a January 1, 2012 effective date for those items that require enabling legislation. These proposals will be used to achieve savings outlined in Control Section 3.91 as reflected in pending legislation (Senate Bill 69). In total, these proposals save \$82.7 million (\$41.5 million General Fund).

ELIMINATION OF BOARDS, COMMISSIONS, TASK FORCES, AND OFFICES

- **Accelerate End of American Recovery and Reinvestment Act Task Force—**
This reflects a ramp-down of activities and elimination of the American Recovery and Reinvestment Act of 2009 (ARRA) Task Force by January 1, 2012, and decentralizes the quarterly reporting required by the federal government to departments. This results in a decrease of \$0.8 million all funds (\$0.4 million General Fund) and 3.4 personnel years in 2011-12.

- **Eliminate the California Privacy Security Advisory Board**—The Board develops and recommends privacy and security policies for California’s Health Information Exchange. There are 14 board members; however there are also an advisory group, a committee, and task groups. The committee and task groups would be used to cover the work of the Board.
- **Eliminate the Health Care Quality Improvement and Cost Containment Commission**—The Commission’s role is to research and recommend changes for promoting high quality care and containing health care costs. The Commission is inactive and implementation of federal health care reform will be California’s vehicle to improve quality and contain costs.
- **Eliminate the Colorado River Board**—The Colorado River Board is responsible for developing a plan for using Colorado River water. Although these responsibilities are necessary to maintain an adequate water supply from the Colorado River, the eight members of the Board are all Southern California Colorado River water users and the Board is funded entirely by Southern California water districts. It is more appropriate that the Board’s functions be transferred to a local entity. This results in a decrease of \$800,000 reimbursements and 5.6 personnel years in 2011-12.
- **Eliminate the Salton Sea Council**—Chapter 303, Statutes of 2010 created the Salton Sea Restoration Council as a separate department under the Natural Resources Agency. The Council is required to evaluate Salton Sea restoration plans and, by June 30, 2013, report to the Governor and the Legislature with a recommended Salton Sea restoration plan. While the Administration supports the restoration efforts at the Salton Sea, it is inefficient to create a new department for a limited time with only one employee. Furthermore, it would be premature to develop preferred alternatives until a viable funding plan is created. The cost estimates for the existing preferred alternatives are estimated in the billions of dollars.
- **Eliminate the State Mining and Geology Board**—The State Mining and Geology Board serves as a regulatory, policy, and appeals body representing the state’s interests in geology, geologic and seismologic hazards, conservation of mineral resources, and reclamation of lands following surface mining activities. To streamline state government functions, this proposal will move the appeals process to the Office of Administrative Hearings, and the balance of the Board’s responsibilities to the Office of Mine Reclamation within the Department of Conservation.
- **Eliminate Nine Advisory Committees and Review Panels at the Department of Fish and Game**—This proposal will eliminate (1) the Commercial Salmon

Fishing Review Board, (2) the Commercial Sea Urchin Advisory Committee, (3) the Dungeness Crab Review Panel, (4) the Recreational Abalone Advisory Committee, (5) the California Advisory Committee on Salmon and Steelhead Trout, (6) the State Interagency Oil Spill Committee Review Subcommittee, (7) the State Interagency Oil Spill Committee, (8) the Striped Bass Advisory Committee, and (9) the Abalone Advisory Committee. These advisory groups are no longer necessary, have completed their statutory requirements, or can be replaced by as needed consultation with stakeholders.

- **Eliminate the Commission on Emergency Medical Services**—The commission's role is limited to providing advice to the Emergency Medical Services Authority (EMSA) and approving regulations when they are brought forward by EMSA. EMSA can obtain input from various other groups without the commission structure in place. This results in a decrease of \$38,000 (\$9,000 General Fund) in 2011-12.
- **Eliminate the California Health Policy and Data Advisory Commission (CHPDAC)**—The Commission was created in the late 1980's to advise the Office of Statewide Health Planning & Development (OSHPD) on its data collection and dissemination and outcome reporting programs. Now that these data programs are mature and the Office has transitioned to utilizing federal outcome models, the relevance of this committee has diminished. OSHPD will look to other less formal means of obtaining advice/input on regulations. This results in a decrease of \$85,000 Special Fund and 0.5 personnel years in 2011-12.
- **Eliminate the Healthcare Workforce Policy Commission**—The functions performed by the Commission can be performed by the Office of Statewide Health Planning with public input.
- **Eliminate the Rural Health Policy Council**—This Council is made up of Department Directors in the Health and Human Services Agency. The interaction with rural Supervisors and constituents regarding health care policy will be accomplished in a less formal and more consistent manner.
- **Eliminate the Public Health Advisory Committee (PHAC)**—This Committee provides advice and makes recommendations on the development of policies and programs that seek to prevent illness and promote the public's health. The Department of Public Health (DPH) is able to obtain this advice from ongoing consultation rather than a formal committee. The PHAC will sunset in June 2011 and should not be extended.

- **Eliminate the California Medical Assistance Commission (CMAC)—**
This proposal would eliminate CMAC and have the CMAC Executive Director report to the Secretary of the California Health and Human Services Agency by July 1, 2012. CMAC's remaining responsibilities would be transferred to the Department of Health Care Services (DHCS) following implementation of a revised hospital payment structure DHCS is developing. The Budget Act of 2010 transferred authority for Geographic Managed Care contract negotiations to DHCS. This results in a decrease of \$129,000 and 3.5 personnel years in 2011-12.
- **Eliminate the Rehabilitation Appeals Board (RAB)—**Currently, Department of Rehabilitation (DOR) consumers who are dissatisfied with decisions made regarding their eligibility for services or the type of services they receive may appeal to the RAB, which consists of seven members appointed by the Governor. This proposal would eliminate the RAB and, instead, have appeals heard by hearing officers, resulting in a more efficient and timely appeal process for DOR consumers. This results in a decrease of \$30,000 (\$6,000 General Fund) in 2011-12.
- **Eliminate the Continuing Care Advisory Committee (CCAC)—**The CCAC, is responsible for advising the Department of Social Services (DSS) concerning matters in the continuing care industry. The CCAC currently consists of 11 members, who are appointed based on their interest and expertise in the area of continuing care. Instead of a statutory advisory body, the DSS can convene workgroups as necessary with stakeholder members selected for their specific knowledge or expertise. This results in a decrease of \$1,000 Continuing Care Provider Fee Funds in 2011-12.
- **Eliminate the Early Learning Advisory Committee (ELAC)—**The ELAC was established through an executive order in 2009 to make California eligible for a three-year \$10.8 million planning grant to pilot a recommended quality rating improvement system and to develop a data tracking system for children ages 0-5, including preschool. While the elimination of this advisory council will result in the loss of the remaining federal grant funds, the council's work represents a new initiative that the state cannot presently afford. This results in a decrease of \$3.6 million in federal funds in 2011-12.
- **Eliminate the California Postsecondary Education Commission—**The California Postsecondary Education Commission (CPEC) is intended to be California's higher education coordinating and planning agency, providing policy analyses, advice and recommendations to the Legislature and the Governor on statewide policy and funding priorities for colleges, universities, and other postsecondary

education institutions. This elimination would have little programmatic impact as the functions it performs are either advisory in nature or can be performed by other agencies. Elimination would require that one federal grant program be moved to the State Department of Education. This results in a decrease of \$927,000 in 2011-12.

- **Eliminate the Office of the Insurance Advisor (OIA) within the State and Consumer Services Agency**—The OIA provides the Governor’s Office with independent policy advice on insurance matters and makes policy recommendations on legislation. This function can be performed by existing staff. This results in a decrease of \$250,000 reimbursements and 1.9 personnel years in 2011-12.
- **Eliminate the California Anti Terrorism Information Center (CATIC)**—This program is operated by the Department of Justice through a \$6.4 million grant provided by the California Emergency Management Agency (Cal EMA). Cal EMA operates the State Terrorism Threat Assessment Center (STTAC) using federal homeland security funding. Eliminating the CATIC will streamline state anti-terrorism functions and save General Fund resources given the federal government’s financial support of the STTAC. This results in a General Fund decrease of \$3.2 million and 23.3 personnel years in 2011-12.
- **Eliminate the Office of Gang and Youth Violence Prevention**—This office was created by Chapter 459, Statutes of 2007 and provides grants to various local governments to combat gang-related issues. The grants will continue to be administered by staff of the California Emergency Management Agency. This results in a General Fund decrease of \$0.6 million and 3.8 personnel years in 2011-12.
- **Eliminate the California Council on Criminal Justice (CCCJ)**—The CCCJ establishes funding priorities for federal criminal justice grants. In recent years, the Legislature and Administration, with local input, have taken a more active role in the allocation priorities for these grants reducing the continued need for the CCCJ. This results in \$30,000 in federal fund savings beginning in 2011-12.
- **Eliminate Governor's Emergency Operations Executive Council (GEOEC)**—The GEOEC was established as a result of Governor’s Executive Order S-04-06, which required the Directors of the Office of Homeland Security and Emergency Services to convene a coordinating body for emergency management and homeland security activities across California state government. In 2008, legislation created the California Emergency Management Agency (Cal EMA) by merging these

two departments. There are several other established committees that maintain the state's emergency plan, making the need for the GEOEC unnecessary.

- **Eliminate California Emergency Council (CEC)**—The CEC is responsible for recommending and approving orders, regulations, and emergency planning documents for the Governor. The members of this group can be convened as necessary.
- **Eliminate the Economic Strategy Panel**—The Panel reviews the economic base and industry sectors to guide policy decisions for economic growth. The Panel's work can be absorbed by other entities. This results in a decrease of \$79,000 other funds and 0.7 personnel years in 2011-12.
- **Eliminate the Commission on the Status of Women**—The Commission advises the Governor and the Legislature on public policy issues impacting women. There are numerous formal and informal avenues for seeking such advice on a continual basis. This results in a decrease of \$234,000 all funds (\$233,000 General Fund) and 2.1 personnel years in 2011-12.
- **Eliminate the California Law Revision Commission**—The Commission is responsible for reviewing California law, recommending legislation to make needed reforms, and making recommendations to the Governor and the Legislature for revision of the law on major topics. This results in a decrease of \$333,000 all funds (\$325,000 General Fund) and 2.7 personnel years in 2011-12.
- **Eliminate the Commission on Uniform State Laws**—The Commission presents to the Legislature uniform laws recommended by the National Conference of Commissioners on Uniform State Laws and then promotes passage of these uniform acts. This results in a decrease of \$74,000 General Fund in 2011-12.
- **Eliminate the Office of Privacy Protection within the State and Consumer Services Agency**—There are many other state, federal, and business resources that promote and protect the privacy rights of consumers. This results in a decrease of \$435,000 all funds (\$250,000 General Fund) and 3.3 personnel years in 2011-12.
- **Eliminate the Unemployment Insurance Appeals Board**—The Administration will consult with stakeholders and evaluate options to phase out the full-time board that handles high-level appeal decisions. This collaborative process will culminate in the elimination of seven board members in 2012-13.

- **Eliminate the Fair Employment and Housing Commission**—The Administration will consult with stakeholders and evaluate options to phase out the stand-alone commission that handles appeals of employment and housing discrimination cases by January 1, 2012. Adjudication of employment and housing discrimination cases will be appealed to the Director of the Department of Fair Employment and Housing effectively eliminating the stand-alone Commission and consolidating workload. This results in a decrease of \$428,000 all funds (\$344,000 General Fund) and 1.4 personnel years in 2011-12.
- **Eliminate the Occupational Safety and Health (OSH) Standards Board**—Eliminate the separate OSH Standards Board and transfer responsibility to the Division of Occupational Safety and Health within the Department of Industrial Relations, similar to the federal model for standards development, including stakeholder advisory panels. This results in a decrease of \$324,000 other funds and 1.9 personnel years in 2011-12.
- **Eliminate the Managed Risk Medical Insurance Board (MRMIB)**—Eliminate the Board and have MRMIB's Executive Director report to the Secretary of the California Health and Human Services Agency by July 1, 2012. In 2011-12, the Healthy Families Program and the Access for Infants and Mothers (AIM) Program will transfer to the Department of Health Care Services. In 2012-13, the remaining MRMIB programs—high-risk pools (Pre-Existing Conditions Insurance Plan (PCIP) and Major Risk Medical Insurance Program (MRMIP)) and the County Children's Health Initiative Program (provides coverage for children in families with income between 251-300 percent of the federal poverty level using county and federal funds)—would transfer to DHCS.

CONSOLIDATIONS

- **Consolidation of the State Personnel Board and the Department of Personnel Administration**—This consolidation will result in a single California Department of Human Resources to more effectively manage and administer the state's human resources functions. The consolidation effective July 1, 2012, is estimated to save \$2.2 million all funds (\$0.3 million General Fund) and 24.2 personnel years in 2012-13 and increasing to a full year value of \$4.3 million all funds (\$0.7 million General Fund) and 48.3 personnel years in 2013-14.

CHANGES DUE TO REALIGNMENT

The May Revision continues to reflect the realignment for alcohol and drug programs and the remaining community mental health programs from the state to the counties. While the state will continue to have important oversight functions and federal responsibilities, it is no longer essential to have separate departments. The Administration proposes the following:

- **Eliminate the Department of Mental Health (DMH)**—Realignment proposes to transfer responsibility for the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program and mental health managed care to the counties. The remaining state-level responsibilities associated with these Medicaid programs will transfer to DHCS during 2011-12. Coupled with the creation of a Department of State Hospitals, DMH will have relatively few functions remaining. The 2012-13 Governor's Budget will contain a proposal on where these remaining functions should be transferred.
- **Eliminate the Department of Alcohol and Drug Programs (DADP)**—Under the Governor's Realignment proposal, responsibility for Drug Medi-Cal will be transferred to the counties. Those state functions that are necessary for the operation of Drug Medi-Cal will be moved to the DHCS, leaving the DADP with some federal block grants, licensing, prevention, and counselor and certification programs. Rather than maintain a separate department, these functions can be shifted to another department; during the development of the 2012-13 Governor's Budget, the Administration will address the remaining components of the DADP.
- **Create a Department of State Hospitals**—The Department of Mental Health (DMH) has had two primary functions, community mental health and state hospitals. Because of the transfer of community mental health state responsibilities to DHCS, it is necessary to change the oversight of the state hospitals. In addition, the DMH's state hospitals have undergone a series of changes in recent years. The majority of patients admitted to the state hospitals are no longer civil commitments but individuals who are forensic commitments. Courts have impacted state hospital operations by requiring accelerated activation of treatment facilities and increasing admissions. The state hospitals have also been operating under a consent judgment with the federal government to change the model of providing services to patients. A Department of State Hospitals will focus efforts on addressing necessary changes in this new environment.

In addition to changes in the Health and Human Services area, there will also be changes in the public safety area because of realignment:

- **25-Percent State Operations Reduction for Realigned Public Safety Programs—** Reduce by 25 percent state operations positions and associated funding for various departments that will have programs realigned to counties beginning in 2011-12. Given the time necessary for departments to develop and implement layoff processes, it is estimated that position reductions would not be fully implemented until July 1, 2013.

PROGRAM REDUCTIONS AND EFFICIENCIES

- **Office of the Inspector General Workload Reduction—**A savings of \$6.4 million General Fund and 45.6 personnel years in 2011-12. This proposal would eliminate all Office of the Inspector General (OIG) workload except performing use-of-force and employee discipline oversight for the California Department of Corrections and Rehabilitation (CDCR). The oversight of correctional issues provided by the Bureau of State Audits and improved internal controls at the CDCR has made it less critical to have an additional independent entity providing oversight. Medical inspections currently performed by the OIG would be transferred to the Office of State Audits and Evaluations, thereby preserving an activity critical to addressing the *Plata* lawsuit. The proposed workload reduction includes the elimination of the California Rehabilitation Oversight Board. This proposal would retain only the most critical functions of the OIG and would also achieve savings related to the continued medical inspections.
- **Reduce the Labor and Workforce Development Agency—**A decrease of \$677,000 reimbursements and 3.8 personnel years in 2011-12 to reflect a net reduction of four positions within the Agency and the relocation of the office from leased space to existing space within the Employment Development Department. This reduction includes one position currently assigned to support the Economic Strategy Panel. The relocation from leased space to state-owned space will also result in rental savings of \$210,000 other funds in 2011-12 within the Department of Industrial Relations.
- **Eliminate General Fund Support of the State and Consumer Services Agency—**A decrease of \$965,000 all funds (\$548,000 General Fund) in 2011-12. Eliminate General Fund support of the State and Consumer Services Agency and require departments under the Agency's purview to reimburse the Agency for operational expenses. This decrease will be offset by an increase of \$965,000 reimbursements in 2011-12.

- **Decrease State Matching Funds for Tourism Office**—A decrease of \$734,000 General Fund in 2011-12. This will eliminate funding, except for support of the Executive Director. While the state will maintain an investment in the program, the tourism industry supports the marketing of California tourism through \$50 million in industry self-assessed fees.
- **Federal Funding for Small Business Loan Guarantee Support**—A decrease of \$862,000 General Fund in 2011-12. Support for the program is being partially shifted to federal funds because the program expansion is funded by a federal grant.
- **Eliminate Child Care Monitoring Support**—A decrease of \$10,000 General Fund in 2011-12 in the Department of Housing and Community Development (HCD) because these program funds have been abolished.
- **Eliminate Preservation Technical Assistance**—A decrease of \$35,000 General Fund in 2011-12 for HCD, which would eliminate funding to provide assistance in the prevention of subsidized housing converting to market rents upon the expiration of the subsidy period.
- **Eliminate Redevelopment Housing Funds Oversight**—A decrease of \$123,000 General Fund and 1.4 personnel years in 2011-12 for HCD, which would eliminate funding for oversight of redevelopment agency low- and moderate- income housing funds and an annual report on housing funds and activities. This is consistent with the budget proposal to eliminate redevelopment agencies.
- **Reduce Housing Policy Funding**—A decrease of \$1.3 million General Fund and 8.5 personnel years in 2011-12 in the Division of Housing Policy Development in HCD.
- **Eliminate General Fund Support for the Tahoe Conservancy**—A decrease of \$193,000 in 2011-12. The Tahoe Conservancy is primarily funded from special funds. Eliminating General Fund support will result in a 3-percent reduction to its budget.
- **Revert Unexpended General Fund from the Department of Parks and Recreation's Public Safety Modernization Project**—A decrease of \$4.5 million in 2010-11. As a result of unanticipated delays, funds provided in prior years for this information technology project have not yet been spent. This proposal will revert unspent General Fund dollars and continue to fund this project from other special funds.

- **Reduce General Fund Support for Department of Water Resources—**
A decrease of \$1.8 million in 2011-12 for water data collection, support for the Central Valley Flood Board, and flood control activities. The May Revision will preserve \$64 million General Fund for the Department of Water Resources to dedicate to high priority water management and flood control programs.
- **Transfer Support of the Governor’s Commission on Employment of People with Disabilities to the Department of Rehabilitation—**This Commission currently receives staff support from the Employment Development Department. The promotion of employment of people with disabilities is a core function of the Department of Rehabilitation and can be operated more efficiently within their department. A decrease of \$403,000 other funds and 3.3 personnel years in 2011-12 is expected to be achieved by this transfer and assumes a reduction of 7 of the 11 positions that currently support this Commission. The Employment Development Department will continue to provide funding to support the work of the Commission which would increase reimbursements provided to the Department of Rehabilitation by approximately \$234,000 in 2011-12.
- **Elimination of the Human Resources Modernization Project—**A decrease of \$5.5 million all funds (\$2.3 million General Fund) and 11.3 personnel years in 2011-12. This project was created in 2007-08 and has been working to streamline the state’s civil service program. The key functions of the project will be absorbed within the proposed California Department of Human Resources (see Consolidations above).

REDUCING STATE GOVERNMENT’S PROPERTY FOOTPRINT

The May Revision proposes to improve the state’s asset management. The proposal consists of the following components, aimed at reducing state government’s property footprint. Savings that materialize from this proposal will be included in the 2012-13 Governor’s Budget.

- **Review and Dispose of Properties with no State Programmatic Use—**The state owns numerous properties throughout California. The review and disposition of property should be based on a determination that retaining the property is no longer needed for programmatic purposes. To this end, DGS will develop a proposal to sell properties that serve no state programmatic need. If there is a determination that these properties should remain in state ownership, DGS already has the statutory authority to pursue long-term lease agreements on these properties until there is a state need. Initial properties intended for sale include the Los Angeles Coliseum,

properties owned and managed by the Capitol Area Development Authority in Sacramento, and the Ramirez Canyon property in Southern California. Additionally, the California Department of Transportation is currently in the process of selling its share of the Montclair golf course in Oakland. As additional properties are identified, they will be submitted to the Legislature for authorization to sell.

- **Review and Dispose of Underutilized Properties**—Over the years, there have been reviews of high-value state properties and efforts to sell those properties. There has been considerably less effort focused on lower value and underutilized state properties. State agencies are required to annually review their properties and facilities they occupy and report surplus properties to the Department of General Services (DGS). For various reasons, not all underutilized properties are reported as surplus to DGS. To improve the management of assets and sell underutilized properties where possible, state agencies will be directed to review their holdings in an attempt to down-size or dispose of properties and submit a report to DGS. DGS will review the agencies report, with the assistance of Finance, and report the findings.
- **Consolidation of Under-utilized Space**—In recent years, some state agencies have experienced a downsizing of staff and consequently may have excess general office space. Additionally, other agencies may have either leased or planned for excess space anticipating various programs would grow and more state employees would be needed. In the past, DGS has completed studies that indicate some agencies could be reorganized more efficiently into state-owned space and therefore some excess lease space could be eliminated. Further downsizing of space will be realized as departments fully implement reductions to state operations. To this end, DGS will undertake a thorough space analysis with the input of state agencies to determine opportunities to eliminate lease space as well as to utilize state-owned space more efficiently.
- **Develop a Comprehensive Policy for Fairgrounds**—Individual legislative initiatives have been introduced to sell fairgrounds over the years. These proposals should be evaluated in the context of a statewide policy and a property by property review of fairgrounds. The Secretary of Food and Agriculture will develop a plan to be included in the Governor's 2012-13 Budget, addressing the future operation, maintenance, and oversight of the Network of California Fairs, including real and personal property and the feasibility to restructure the governance of the fairs within this network.

EFFICIENCIES ACHIEVED THROUGH EXECUTIVE ACTION

- **Secretary of Education**—The Office of Secretary of Education has been eliminated.
- **Inspector General**—The Inspector General for the American Recovery and Reinvestment Act has been eliminated.
- **Governor's Office**—The Governor's Office budget has been reduced by 25 percent.
- **Ban on Non-Essential Travel**—Pursuant to Executive Order B-06-11 no travel by state employees is permitted unless mission critical.
- **Statewide Building Rental Rate Reduction**—A decrease of \$26.6 million all funds (\$5.4 million General Fund) in 2011-12. Reduce building rental rate funding for various state agencies based on lower costs within the Departmental of General Services to operate these buildings.
- **State Issued Cellular Phone Reduction**—A decrease of \$20 million all funds (\$11 million General Fund) in 2011-12. Executive Order B-1-11 directed entities under the Governor's direct executive authority to reduce state-provided cellular phones.
- **Statewide Vehicle Reductions**—Pursuant to Executive Order B-2-11, the Department of General Services is conducting an analysis of the purpose of, and necessity for, all vehicles and equipment that comprise the state fleet. This review will culminate in the elimination of any vehicles that are non-essential or are cost ineffective. When this analysis is completed, one-time savings will be achieved from the sale of surplus vehicles and corresponding operation and maintenance costs. Actual savings will be dependent on the number of vehicles eliminated and the final reduction in home-storage permits.